

# Isle of Man Gambling Supervision Commission



**Isle of Man**  
Government

*Reiltys Ellan Vannin*

## Annual Report 2009 – 2010

### GD 035/10



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# 1. About this report

This report is designed to explain the function of the Isle of Man Gambling Supervision Commission, to give an overview of the past year and to illustrate some of the opportunities we are pursuing as part of our development of this industry and its regulation.

In addition to showing our accounts for the year ending 5th April 2010, this report also provides an insight into the protection our systems and requirements provide to players who use our operators. It also covers the work we do to protect the reputation of the Island, a reputation that continues to go from strength to strength in all areas of commerce, regulation and international cooperation. It also details the changes we have introduced over the year to further improve the standards of regulation available in the Isle of Man, in both the online and land based gambling sectors.

I am delighted with another excellent year we have had as a Commission and it gives me great pleasure to present this report.



Claire Milne  
Chair of the Gambling Supervision Commission

## **2. Duties and responsibilities**

### **Key principles**

The Isle of Man Gambling Supervision Commission has three key principles. They are:

- Ensuring that gambling is conducted in a fair and open way
- Protecting children and other vulnerable persons from being harmed or exploited by gambling
- Preventing gambling from being a source of crime or disorder, or being used to support crime

and where these key principles are not compromised:-

- Ensuring that gambling products promoted by operators in the Island can compete effectively throughout the world
- Facilitating competition and the provision of modern products and services

The three key principles are protected through a combination of rigorous checks on operators at the application stage; a thorough, ongoing inspection regime for licensees and a complaints and queries procedure which is designed to identify patterns that could highlight issues before they become problems.

### **Checks prior to a license being granted**

When operators apply for a licence we conduct checks and due diligence on all activities of an operator's business, including:-

- Procedures for handling problem gamblers
- Anti-money laundering procedures
- Arrangements for the protection of player funds
- The integrity of the people and companies connected with the application
- The ownership of the company
- The financial health and projections of the operation
- The corporate governance of the company and fitness of its procedures
- Details of the games and their terms and conditions
- The randomness of the games
- The transparency of terms and conditions
- The standards of protection for personal data
- The look and feel of the website(s)
- The robustness of the infrastructure
- The player registration process
- The money flow around the systems
- The suitability of the business model

## **Checks after a licence has been granted**

The inspectorate's involvement with an applicant do not cease after licensing; if anything, it increases as the new licensee becomes subject to the inspection regime. This inspection regime includes:-

- quarterly returns to report on the financial performances of the operators
- interim reviews for all operators on issues like player protection balances, player protection mechanisms and AML compliance
- mandatory visits to operators to monitor their activities against a comprehensive series of checks

All of this occurs against a backdrop of weekly website checks and pre-programmed inspections on remote assets such as live dealer studios and so forth.

This year the Commission handled 188 player complaints, an increase on last year which reflects the growing number of operators and the availability of games introduced by new licensees. We include a more detailed commentary on player complaints later in this report.



### 3. Personnel

#### The Commission

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##### Claire Milne, chair



Claire Milne is a qualified solicitor and Manx Advocate who is a partner in a leading firm of international advocates. Mrs Milne has a background in intellectual property, IT law, data protection, e-money, e-commerce and e-gaming.

She is a published co-author of a book on Intellectual Property Law and Practice for Scottish lawyers and has lectured at the University of Stirling, the University of Dundee and is one of the contributors to the University of Edinburgh's LLM Distance Learning Programme.

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##### Jerry Carter

Jerry Carter is a practising Manx Advocate who specialises in contentious and non-contentious commercial work, compliance, general litigation and liquor licensing.

Mr Carter obtained an Honours Degree in 1981 from the University of Wales where he also received a University of Wales Golfing Blue. He was called to the Manx Bar in 1984 after being articled at Kelly Luft Stanley & Ashton, one of the leading legal practices on the Island.

He is a founder member of the Licensing Forum in the Isle of Man; a member of the Isle of Man Law Society Council; a former Chairman of the Small Practices Association; and has acted as Deputy Chairman of the Interception of Communications Tribunal.





## **Ron Spencer**

Now retired, Ron Spencer was, until March 1999, the Operations Director of Merrill Lynch Investment Managers (formerly Mercury Asset Management Ltd) in the Isle of Man. He had joined the then S. G. Warburg & Co. Ltd. in 1967 and developed a considerable breadth of experience within the firm, including internal audit.

Mr Spencer completed the Institute of Directors Company Direction Programme in December 2002, and successfully sat the Diploma examination in April 2003. Following peer review, he was admitted as a Chartered Director in May 2004.

He is a member of the Audit Committee Institute; the Chartered Management Institute; the Institute of Directors and is also a member of the Chartered Institute for Securities & Investment.



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## **Jon Allen**

Jon Allen is a Chartered Accountant and successful local entrepreneur. Jon came to the island for 2 weeks in 1988 when the bank he worked for bought a small insurance company that is now Royal Skandia and has never left. In the early 90's he co-founded PDMS, the Island's leading software company which now has around 80 employees in Douglas and London.

Before joining the Commission, Jon was involved in the control of Domicilium which he set up (with Dr Phil Adcock) in 1999 and which is today still a leading Island based Internet hosting company.

From the outset Jon has worked in partnership with the Isle of Man Government to establish and promote the Island as an e-gaming sector.

Jon has been a frequent speaker at ecommerce conferences and has active roles with the Chamber of Commerce and public / private sector committees. In recent years he has also established Live and Work Hotels which owns two hotels located on the Isle of Man.



## Neil Kinrade

Neil Kinrade was born and educated on the Island and served for 33 years in the Isle of Man Constabulary, rising through the ranks to the position of Deputy Chief Constable, before retiring in 2004.

During his career in the police service, Mr Kinrade specialised in criminal investigations including illicit drugs and anti-terrorism.

For a number of years Mr Kinrade held responsibility for internal force discipline, complaints and standards, as well as the financial budget for all police operations in the Island.

Mr Kinrade also sat on the All Island Child Protection Committee; the Drugs and Alcohol Strategy Committee; and the Children and Young Persons Strategy Committee.



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## The Inspectorate



**Front** (left to right)

Tracy Turton – Secretary; Alison Bishop – Inspector; Wendy Christian - Secretary

**Rear** (left to right)

Mark Rutherford – Policy and Legislation Officer; Paul Streeter – Inspector; Steve White – Inspector; Steve Brennan – Director; Ty Smith – Inspector; Colm Andrew – Senior Inspector

## **4. Key strengths**

With over 50 years' experience of regulating the land based industry and almost a decade of experience in the fast-moving world of online gaming, the Island's regulatory strengths have never been more important to the gaming industry.

### **UK white-listed**

The Island continues to be a part of the UK Government's white list which allows operators based in the Isle of Man to advertise their products to markets in the UK and to have UK based players. Continued membership of the white list reflects the fact that the Isle of Man maintains the highest standards of regulation. The latter half of 2009 saw the beginning of a consultation exercise sponsored by the United Kingdom's Department of Media, Culture and Sport regarding the white list on which the Commission has provided commentary and feedback.

### **Business friendly fees**

Prospective licensees still pay a flat fee of £1,000 to apply and there are no hidden fees for the work the Commission undertakes to process the application. The full licence fee is fixed at £35,000 and the sub-licence fee is fixed at £5,000: there are no hidden costs for extra work undertaken by the Commission.

### **Power and IT infrastructure**

Operators on the Isle of Man have the surety of very high speed, high resilience internet connectivity with the rest of the world which is currently carrying less than one percent of its entire capacity. This is coupled with plentiful power from the Island's recently built 88MW power station. Analysis by the Island's Department of Economic Development shows that the Island has latterly achieved the lowest-priced bandwidth of any of the Island-based regulatory jurisdictions, a distinction that underlines the Island's commitment to future technology.

### **A track record of international cooperation**

The Island continues to work hard to build constructive, pragmatic and globally responsible attitudes and systems in response to international challenges. Encouraged by OECD white-listing, 2009 saw the announcement of the Isle of Man's approach to international cooperation with the offer to establish bilateral agreements with any country seeking to properly regulate its gambling sector and secure its borders against unlicensed activity.

Regular attendance of the European regulators forum (GREF) and its international equivalent (IAGR) remains a cornerstone of the GSC's international commitment.

### **A world class finance centre**

The Island continues to be an international finance centre and a pace-setter in international financial agreements. The competitive 0% corporate taxation regime and the capped personal tax liability of £115,000 per person dovetail well with the abundance of excellent banking, legal and corporate service provision to be found locally, all of which makes the Isle of Man an attractive platform for business. The e-gambling fulfilment sector has grown since the passing in January 2010 of the new "exclusion regulations" which remove from licensing the common, risk-free activities undertaken by industry to support gambling operators such as marketing, software provision, back-office functions and affiliate work.

## **5. Regulatory safeguards**

Rigorous checks at the application stage as well as a strong inspection and compliance regime ensure that operators understand and adhere to the law, but it is also important that the law by which they abide is strong and exacting. The Isle of Man has a number of requirements, some of which are shared by the majority of reputable jurisdictions and some of which are unique (such as player funds protected by legal/financial instruments and mandatory operator contributions to a problem gambling fund), all of which serve to make the Island's regulation robust and well respected.

### **Local officials**

By law, Manx operators are required to maintain a local official presence by the appointment of a resident designated official or operations manager. Experience has shown that face to face dialogue is far more efficient, reliable and effective than phone calls or e-mails when there is an issue or request. The Commission keeps in regular contact with Isle of Man based officials to ensure that local or international issues are detected and handled professionally by all licensees.

### **Expert testing**

In order to stay ahead of the fast-paced developments in software and systems, the Isle of Man uses the services of dedicated software testing houses to perform verification checks on all applicants' software and games, including the randomness of all games of chance. In all cases, the test certificates have to confirm that the operators' systems adhere to the stringent system verification and registration of accounts regulations.

### **International scrutiny**

The Island welcomes regular audits at an international level to make sure it maintains the highest global standards. The Commission welcomes the periodic IMF audits as well as the 'mystery shopper' compliance tests conducted by the UK's Gambling Commission during which a child volunteer working for the Commission attempts to register for access to gambling in order to determine the strength of the operators' preventative counter-measures. It should be noted that all of the white-listed jurisdictions' operators performed very well.

### **Appropriate separation**

The Government's marketing and regulatory functions of the gambling industry are strictly separated both at the ministerial and operational level. This establishes the recognised and appropriate gap necessary for the avoidance of conflicts of interest during the approval and compliance process. It also has the effect of allowing each arm of government to resource independently and pursue projects which improve the legal and commercial landscape for the future. Notwithstanding this separation which establishes a high degree of regulatory credibility, the inspectorate and the newly established Department of Economic Development continue to strengthen their cooperative ties, especially in the area of emerging new business models and their compatibility with Isle of Man legislation.



## Meaningful protection of players' funds

Manx operators must protect player funds to the point where, in the event they become insolvent, the players are guaranteed their deposits plus any outstanding winnings, irrespective of liquidation proceedings. This is currently facilitated through bank guarantees and trust arrangements. It is anticipated that Royal Assent for the Gambling Supervision Bill will be granted during the autumn of 2010. Under this new legislation, it will be possible for players' money to be allocated a special bank account and protected against operator bankruptcy using the same 'client account' mechanism as currently used by the legal and CSP professions.

## Real and effective presence

Manx operators must be located on the Isle of Man – this includes their servers which need to be locally situated. This local presence of assets gives the players comfort that the Commission has ultimate control over licence holders to ensure they conform to the law.

## Stringent white list access

Manx operators who wish to take advantage of the UK white list (which allows Isle of Man licensed operators to market into and have customers from the UK without requiring a UK licence) are required to move their operations to the Island. This prevents the white list from being taken advantage of by global operators who might otherwise establish a notional presence on the Island in order to obtain market access. The external guidance recently issued by the Commission states this clearly:-

*"Where the Commission suspects that an operator is coming to the Isle of Man in order to benefit from the advertising privileges the Island enjoys in the UK (the 'White List') then it will expect the operator to relocate a significant part of its operation to the Island.*

*It reserves the right to decline applicants who appear to be creating a nominal Isle of Man presence in order to advertise in the UK their parent or sister organisations located elsewhere in the world."*



## 6. Who we regulate

### The list of online licence holders as at April 2010

Operator	Known to the players & industry as:
Betting Fun IOM Ltd	Betting Fun
Blueburra Limited	Blueburra
Boylesports (IOM) Ltd	Boylesports
Cash Ball Ltd	Bingol�
Celton Manx Ltd	SBObet
Chronicle Bookmakers Ltd	Chronicle
Cube Ltd	188Bet
Foretal (Isle of Man) Limited	Foretal
JenningsBet (IOM) Limited	Jennings
Know How Gaming Limited	Know How Gaming
Mahjong Logic Limited	Mahjong Logic
NYX Interactive Network IOM Ltd	NYX
Paddy Power Holdings Limited	Paddy Power
Phumelela Gold International Ltd	Betab
Rational Entertainment Enterprises Ltd	PokerStars
Regent Markets (IOM) Ltd	BetOnMarkets
Sport Market Manx Limited	Sport Market Manx
Take Out Technology Limited	Free Bingo Hunter
Vuetec (IOM) Ltd	Dublinbet
Webis Holdings plc	Bet Internet
Welton Holdings Limited	Fun88

### The land based industry

Unlike the previous year which saw a number of requests and improvements, the 2009/10 year has been relatively quiet in terms of major changes with the majority of effort being focussed on the continued revision of the 1997 casino regulations.

The Isle of Man has had a land-based casino since 1962. The Isle of Man legislation currently carries the provision for up to two land-based casinos although only one of these has been in operation for the reporting period. With the target to pass the new regulations into legislation by the end of the year, the requirements placed upon the casino will be modernised offering a more appropriate delineation between operational and regulatory issues.

## **The amusements industry**

The Isle of Man has always had a tradition of coin operated amusements because of its heritage as a holiday destination. While the overall size of this sector has declined over the decades echoing the decline in the popularity of the venues as a result of public-health reforms, the decline of traditional tourism and inevitably giving ground to online gaming, the operators in this area continue to experience sustainable revenue and the GSC remains open to suggestions from them for any reforms that could allow the sector to remain profitable for the future while maintaining the high regulatory standards that protect consumers.

## **The betting industry**

The Island has a representative portfolio of licensed betting offices (LBOs) and these continue to operate a mixture of across-the-counter betting operations as well as controlled fixed odds machines offering roulette and numbers games. This year saw the approval of a re-location and refurbishment of offices and there are three permit holders with eleven LBOs currently available on the Island.



## **Society lotteries**

The Commission continues to take an unobtrusive but vigilant stance on the many charity draws and raffles that are collectively known as society lotteries. Low risk and high volume, the Commission's primary mandate is to ensure that the lotteries are run properly and that the many people charged with their organisation understand their obligations under the law.

The 2009-10 year saw the commencement of regulatory provision for the increasingly popular race nights and bingo nights and this legislation will be laid before Tynwald in the 2010-11 year.

## **7. Developments during the year**

### **AML review commenced**

Following the coming into law of the Proceeds of Crime Act, the AML code for e-gaming was the subject of proposed review and consultation. The review is essential to establish that the law and attendant guidance still continues to offer the very strongest framework to deter criminal financial activity and to ensure it keeps pace or exceeds internationally established standards. The revised framework was ratified by Tynwald in July 2010.

### **Social responsibility**

The Commission has worked closely with the Social Services Division of the Department of Health and Social Security to establish services, through third sector voluntary agencies, to residents for whom gambling is becoming, or has become, a problem. These services provide awareness, education and support on-Island and are funded by annual contributions from all licence holders. The Commission also recognises those services that cannot be offered through Island based agencies such as 24-hour help lines, online counselling, etc and is pleased to make a donation to the GREaT Foundation, a UK based organisation that raises funds through voluntary donations and distributes these donations to organisations that provide such services.

### **Introduction of exclusion regulations**

In January 2010, new exclusion regulations for the online regime were introduced. The regulations clarify the existing law and itemise activities where the Commission has traditionally seen no risk to players and which it therefore has never considered part of the licensing process. It is envisaged that these regulations will provide clarity to the terms of the Online Gambling Regulation Act 2001 and assist in growing the important cluster of businesses that provide services to the licensed online gaming operators. These activities include:

- Providing disaster recovery services
- Marketing and marketing services
- Advertising and design work
- Administration
- Affiliate work (forwarding traffic to operators)
- Software design and retail/licensing
- Provision of IT services
- Protection of player funds
- Servers which merely represent the results of play
- Relay servers which simply transfer data
- Call centres and customer support services
- Web design and technical administration



## Communications

2009/10 continued to demonstrate that the gambling industry is a fast moving and dynamic sector and over the course of the year ambassadors from the inspectorate attended a number of legal and industry conferences to understand the prevailing trends in the sector:

**EGB, Budapest** April 2009 – a conference specialising in international, legal developments.

**GREF, Tallinn** June 2009 – the annual convention for European regulators.

**WOGLR, UK** July 2009 – a conference exploring the sector's future drawing upon industry, politicians and regulators.

**GES, Madrid** July 2009 - a European gambling sector regulatory update.

**EIG, Copenhagen** September 2009 – the main European-facing conference with strong commercial and legal programmes.

**IMGL, Amsterdam** September 2009 – a conference with a legal/commercial focus.

**ICE, London** January 2010 – the largest industry event in the calendar with an exclusively commercial focus (although regulators do use their presence there to arrange regulatory meetings).

## External guidance

The year saw the publication of the second version of the Commission's online guidance procedures. These contained detail of the new exclusion regulations as well as refinements to assist applicants and their agents to prepare their applications. At the time of writing a third edition with increased information on the financial information required and the application procedure explained in more detail is being prepared.

## Continued IAGR/GREF contribution

The Isle of Man continued to be represented in these two critically important regulatory forums, taking a leading role in the survey and establishment of common standards of compliance between regulators.

IAGR – the International Association of Gambling Regulators is a well respected forum of regulators drawn from across the world.

GREF – the Gambling Regulators' European Forum is a European-wide forum which is exceptionally well represented by the European nations and at which the Isle of Man regulator has a presence.

Work at GREF, IAGR and their respective sub-groups was concentrated principally upon the formulation of common regulatory approaches, culminating in the creation of an index of regulatory tools and mechanisms currently used around the world. The Isle of Man currently carries responsibility for one of the areas of scrutiny, entitled "reactive compliance" which lists all of the various methods regulators can use to ensure operators' compliance with the law.

## **Increasing diversity**

Complementing the established and successful licensees' offerings, the Commission was pleased to approve during the period a peer-to-peer Mahjong product as well as a hybrid online auction-lottery site; a significant Asia-facing operator; the online arm of a household-name betting firm and an array of live dealing agreements for existing operators.

## **Sub-licensing**

The Commission added a number of operators under sub-licences during the period. Sub-licences can be applied for by companies who solely use software packages and operating systems supplied by an existing Isle of Man licensee. Provided that the sub-licensee maintains an exclusive relationship with the primary licensee, the licence fees are much reduced, reflecting in reality the reduction in the administration of processing and continuous oversight of a less complicated model. The sub-licence model continues to attract interest but there remains a stronger appetite for full licensing at the time of writing.



# 8. Player issues

## Complaints from players

While complaints remain very low in comparison to overall player numbers, the number of complaints during the period increased from 65 complaints during 2008-09 to 188 complaints during 2009-10:

Three factors account for this growth:

- An increase in overall player numbers using services from the operators in the Isle of Man due from an increase in licensees and strong organic growth in a number of established operators;
- A re-formatting of the complaints process to make it easier to raise a complaint;
- A sharpening of operators’ internal KYC procedures (which exceed current AML/CFT requirements) and which are driven by commercial necessity, manifesting in increased requests for personal identification.

It also remains a key element of the GSC’s licensing and ongoing compliance that the terms and conditions of registration and play are clear and easily understood and that operators consider player complaints in an objective and impartial manner. The overwhelming majority of complaints are dealt with satisfactorily by operators and complainants rarely feel the need to approach the GSC for advice or intervention.

During the year, one complaint escalated to a legal challenge against an operator and the Isle of Man Government. This was dismissed from the Canadian courts and the complainant was charged with costs.

Core Principle	Typical elements of a complaint	Number of complaints	Resolved to the complainant’s satisfaction
To keep the gambling industry crime free	<ul style="list-style-type: none"> <li>• Account suspension</li> <li>• Withdrawal &amp; ID difficulties</li> <li>• Rigging</li> <li>• Collusion</li> <li>• Other</li> </ul>	134	128
To protect the young and vulnerable	<ul style="list-style-type: none"> <li>• Self exclusion</li> <li>• Chat issues</li> <li>• Marketing issues</li> <li>• Other</li> </ul>	20	20
To ensure that games are fair	<ul style="list-style-type: none"> <li>• Bet disputes</li> <li>• Games rules/Terms &amp; Conditions</li> <li>• Software/hardware issues</li> <li>• Other</li> </ul>	34	30

There were ten complaints during the period that the Inspectorate were unable to bring to a conclusion. Seven of these complaints have been unable to be progressed due to the complainant choosing not to continue correspondence with the Commission. Three of these complaints are subject to sporadic and long delays in responses to the Commission and were still ongoing at the time of writing.

## 9. Our accounts

### Income and expenditure

	2008-09	2009-10
<b>Income</b>		<b>GBP</b>
Gambling Amendment Act Fees and duty*	£36,560	£87,914
Terrestrial Casino licence fee	£335,100	***£185,323
OGRA licence fees**	£583,000	£670,828
<b>SUBTOTAL</b>	<b>£954,660</b>	<b>£944,065</b>
	<b>2008-09</b>	<b>2009-10</b>
<b>Expenditure</b>		
Salaries, pensions and misc. staff costs	£320,124	£394,935
HR costs (recruitment, etc)	£5,438	£0
Rent	£56,000	£62,599
Professionals' fees (accountancy, legal)	£134,286	£132,277
Subscriptions	£21,663	£7,640
Travel, accommodation, expenses	£15,670	£13,124
Office equipment	£6,120	£3,628
Administration	£12,079	£15,921
Additional licensing costs (public notices, other)	£2,139	£163
Hospitality	£1,589	£1,782
<b>SUBTOTAL</b>	<b>£575,108</b>	<b>£632,069</b>
<b>BALANCE</b>	<b>£379,552</b>	<b>£311,996</b>

#### Notes:

\* Arising from the certification and duty of controlled machines such as fruit machines, etc.

\*\* Arising from the application and annual licence fees paid by online operators.

\*\*\* Representing that proportion of licence payable in reporting year following decennial renewal.



## **10. Future plans**

### **Statutory board**

Currently, the Gambling Supervision Commission's sponsoring department is the Treasury. The Bill has now passed through Tynwald and is awaiting royal assent.

### **Europe**

The legislative position in Europe is in a state of flux as many jurisdictions contemplate or indeed enact law to accommodate online gambling. The Isle of Man, with its track record of constructive and progressive relations with Europe has begun the process of securing access for its operators within the European framework and we expect this will form a substantial part of the regulator's work in the coming months.

### **Consolidation of legislation**

At present the Island's legislation for online and land based gaming is found in different pieces of legislation, some of which has not been updated for many years. It appears attractive to have all of the Isle of Man's legislation regarding gambling whether online or land in one principal piece of legislation. The GSC is mindful of the significant piece of work comprised in consolidating and updating all relevant legislation. However to move the industry forward it is felt that consideration must be given to this. In view of this, a consultation exercise will be undertaken. It is hoped that the consultation will be finalised for the end of 2010.





## 11. Our annual plan

Item	Description	Priority	Timetable
Ongoing compliance programme	The programme currently consists of: <ul style="list-style-type: none"> <li>- One operator visit per month;</li> <li>- Weekly visits to licensee websites;</li> <li>- Quarterly checks on finances and significant events;</li> <li>- Two portfolio checks (which analyse a particular aspect of compliance across all operators simultaneously) per quarter;</li> <li>- Spot-checks on player fund levels;</li> <li>- Annual live-dealer facility checks;</li> <li>- Regular casino visits.</li> </ul>	High	Ongoing
European access	This process engages with European jurisdictions on a selective basis to establish constructive links to allow continued Isle of Man access to European markets on a fair and competitive basis.	High	Ongoing
Legislative consolidation	Consolidating and update the existing gambling law and regulation.	Medium	Ongoing (consultation to be finished by the end of 2010)
Overhaul of casino regulations	An interim streamlining of the Casino Regulations 1997 to clarify the application and renewal process and to remove anachronistic requirements.	High	2nd Quarter (Jul-Sep 2010)
Response to the DCMS consultation on remote gambling	The formulation of a response to the UK DCMS' recent consultation paper on remote gambling with a view to maintaining the highest standards of consumer protection under white-listing.	High	1st Quarter (Jun 2010)
Public guidance	The creation of an advice leaflet on the website and in hardcopy that educates the general public on gambling matters and their rights.	Medium	2nd Quarter (Jul-Sep 2010)
Continued representation in international forums	A continuation of the work in the IAGR working groups to establish sensible common standards between regulators; continued attendance of GREF and key legal conferences to understand developments and sentiments in Europe. This year will see an increased contribution to the GREF website following an appeal at GREF 2010 from its administrator.	Medium	Ongoing
AML/CFT upgrade	A project to introduce procedural changes to the existing AML standards to keep them in line with prevailing international standards.	High	3rd Quarter (Oct-Dec 2010)

## 12. Key performance indicators

### Efficiency of the application process

The following targets pertain to the processing of applications from prospective licensees. It should be noted that time is measured on a cumulative basis and only where the onus is on the Commission to process the application. The 'clock' is stopped when the Commission is awaiting further information and starts only when it is in a position to move the process forward.

Activity	Target during the 2009-10 period	Performance during the 2009-10 period (average)	Summary of performance	Revised targets
Online applications	32 days	21 days	pass	18 days
Casino applications	50 days	43 days	pass	50 days decennial, 10 days for annual renewals
Other land-based applications	5 days	3.5 days	pass	5 days

### Adherence to inspection targets

The Commission maintains a schedule of planned operator visits, quarterly returns and portfolio checks. While the details of these checks are, by necessity kept confidential, the timetable is monitored by the senior inspector who notes infractions against a base-lined plan over the year.

Activity	Target during the 2009-10 period	Performance during the 2009-10 period (average)	Summary of performance	Revised targets
Visits conducted in accordance with plan	95%	100%	pass	95%
Visit feedback report to operator	Within 10 working days	37 days elapsed	fail*	28 days elapsed
Portfolio checks (thematic checks across all licensees)	2 per quarter	2 per quarter	pass	2 per quarter

**\*Notes to the inspection feedback target failure 2009-10.**

The 2009-10 reporting year was the first full year where feed-back reporting targets were imposed. In retrospect, they proved to be difficult to meet because of the unpredictable and erratic nature of the inspectors' day-to-day workloads. The inspectors' workload has been re-organised and operator visits are now subject to tighter procedures; also, the target for the 2010-11 period has been amended to reflect this and now stands at 28 days.



## **13. Gambling legislation**

### **Online Gambling Regulation Act 2001**

- Online Gambling Duty Regulations 2007
- Online Gambling (Advertising) Regulations 2007
- Online Gambling (Prescribed Descriptions) Regulations 2007
- Online Gambling (Advertising) (Overseas) Regulations 2007
- Online Gambling (Systems Verification) (No.2) Regulations 2007
- Online Gambling (Betting and Miscellaneous Provisions) Regulations 2007
- Online Gambling (Disaster Recovery) (No.2) Regulations 2007
- Online Gambling (Transitional Arrangements) Regulations 2007
- Online Gambling (Registration and Accounts) Regulations 2008
- Online Gambling (Licence Fees) Regulations 2009
- Online Gambling (Exclusions) Regulations 2010

The Online Gambling Regulation Act 2001 (OGRA) was introduced to provide for the regulation of certain forms of gambling carried on by means of telecommunications.

The regulations made under this Act provide for the regulation and good conduct of online gambling operations and ensure that the Commission's core principles are upheld (see earlier section 2).

### **Criminal Justice (Money Laundering - Online Gambling) (No.2) Code 2008**

The provisions of the Criminal Justice (Money Laundering - Online Gambling) (No.2) Code 2008 impose requirements on online gambling businesses to establish anti-money laundering procedures, training and record keeping.

### **Casino Act 1986**

### **Casino (Amendment) Act 1990**

- Casino (Licence Applications) Regulations 1986
- Casino Regulations 1997
- Casino (Amendment) Regulations 1999
- Casino (Amendment) Regulations 2001

The Casino Act makes provision for the Isle of Man to licence a maximum of two land based Casinos.

## **Gaming (Amendment) Act 1984**

- Controlled machines Regulations 1984

The Gaming (Amendment) Act 1984 controls the keeping for use and the sale and supply of certain amusement machines.

## **Gaming, Betting and Lotteries Act 1988**

Defines gaming, the restrictions on certain gaming and gaming exemptions under the Act.

Sets out general restrictions on betting and provides for Licensed Betting Offices.

Places restrictions on Lotteries and prescribes conditions which allow for certain lotteries to be operated.

## **Gaming, Betting and Lotteries (Amendment) Act 1996**

Makes amendments to the main Acts.

## **Gaming, Betting and Lotteries (Amendment) Act 2001**

Makes amendments to the main Acts.

## **Betting Offices Act 2001**

Amended the Gaming, Betting and Lotteries Act 1988 to Licenced Betting Offices.

## **The Gambling (Amendment) Act 2006**

Outlines the licencing objectives.

Renames the Gambling Supervision Commission and restates its constitution.

Provides for an appeals Tribunal.

Amends other Gambling Acts.

## **Pool Betting (Isle of Man) Act 1961**

Legalised Pool betting and imposed a duty rate - Treasury responsibility.

## **Pool Betting (Isle of Man) Act 1965**

Amended the way that Pools betting duty is calculated – Treasury responsibility.

## **Pool Betting (Isle of Man) Act 1970**

Prescribes matters relating to the recovery of Pools duty – Treasury responsibility.

## **Betting Act 1970**

Prescribes the general betting duty for different types of betting - Treasury responsibility.

## **Public Lotteries (Amendment) Act 1993**

To permit more than one public lottery in one year and to permit the sale of tickets or chances at any time of the year. To provide for the proceeds of the public lotteries to be paid to the Public Lottery Trust or such other charitable purposes as may be specified – Treasury responsibility.

## **National Lottery Act 1999**

To enable the application to the Island of the National Lottery Act 1993 and to amend legislation relating to lotteries – Treasury responsibility.

